



**Emergency Solutions Grant (ESG)
Program Guidelines
2012-13**

Purpose

The Emergency Solution Grant (ESG) is a federally funded program to assist households experiencing homelessness or at-risk of experiencing homelessness to obtain housing stability.

The program goals are to provide effective and efficient assistance to reduce the length of time households experience homelessness and to reduce the number of homeless households. It is intended to be administered as a community-based resource that maximizes mainstream resources.

The Emergency Solution Grant (ESG) program is authorized by the McKinney-Vento Homeless Assistance Act funded through the U.S. Department of Housing and Urban Development (HUD). This federally funded program is administered through HUD by a formula allocation to ESG entitlement localities and states.

The Virginia Department of Housing and Community Development (DHCD) is responsible for administering the state ESG allocation for Virginia. The state allocation minus 7.5 percent for state/local government administrative costs is allocated to sub-grantees (non-profits and units of local governments) in ESG non-entitlement localities. These are localities that do not receive a direct ESG allocation from HUD.

Sub-grantees were selected for a two-year grant term (July 1, 2011- June 30, 2013). One-year contracts were issued for the first year period (July 1, 2011 – June 30, 2012) with the second year renewal (July 1, 2012 – June 30, 2013) based on sub-grantee compliance, performance and the availability of funding. Please note the 2011-12 ESG allocation includes stage two funding. Stage two sub-grantee agreements are issued for the July 1, 2012 – June 30, 2013 program year.

Funding Levels

A total of \$2,628,384 was available from the 2011 HUD allocation to support ESG eligible activities with an additional \$3,012,708 (minus administration) allocated to ESG eligible activities during the 2012-13 program year.

DHCD will review sub-grantee performance at least annually and reserves the right to de-obligate and reallocate funds throughout the grant term.

Local government applicants were allowed to request up to five percent for administrative costs. Administrative costs are not eligible costs for non-profit applicants.

All grants were program-based awards for eligible homeless services and homeless prevention programs.

Eligible Service Areas

These limited ESG funds were designated for ESG non-entitlement localities within Virginia. The restriction of funds to ESG non-entitlement localities is intended to maximize the amount of available ESG funds going to serve non-entitlement localities and is not intended to exclude services to any individuals or family based upon their last known address.

Programs funded through this program include shelter, rapid re-housing, and homeless prevention serving non-ESG entitlement localities in Virginia. Funded programs include the following:

- Shelters programs with congregate living facilities physically located in a non-entitlement area
- Scattered site shelter programs with units predominately in non-entitlement areas
- Rapid re-housing and prevention programs targeted to non-entitlement areas
- Service provision location within non-entitlement areas

The following chart lists Virginia localities that receive ESG funds directly from HUD (ESG entitlement areas), program in these areas are ineligible for this ESG program.

| ESG Entitlement Localities* Ineligible Localities |
|--------------------------------------------------------------------|
| Norfolk |
| Richmond |
| Roanoke |
| Virginia Beach |
| Fairfax County |
| Prince William County |

*Virginia localities not listed above are non-entitlement areas.

Sub-grantee Eligibility

Sub-grantees must be a nonprofit or unit of local government and be current on 990 filings (not applicable to units of government).

Sub-grantees must be in compliance with applicable state and federal policies and procedures as outlined in the *Other Requirements* section of this document including compliance with federal and state non-discrimination laws.

Sub-grantees must have established standard accounting practices including internal control and fiscal accounting procedures and be able to track agency and program budgets by revenue sources and expenses.

Sub-grantees with outstanding audit findings, IRS findings, DHCD monitoring findings or other compliance issues are not eligible to receive ESG allocations or reimbursements. Please note that DHCD will work with all interested parties, where appropriate, toward the resolution of unresolved matters.

In some cases sub-grantees may be involve partnerships with other organizations to provide ESG supported activities. The sub-grantee must assume full responsibility for meeting all HMIS, reporting, record keeping, spending, and other program requirements regardless of partnership agreements.

Sub-grantees must use HMIS and met all applicable HMIS data standards. Please note that domestic violence shelters may, in lieu of HMIS, use a comparable system. Domestic

violence shelters are responsible for meeting all HMIS data standards and reporting requirements regardless of the data collection system utilized.

Sub-grantees must participate in the CoC or local planning group and participate in local (region, CoC, or local planning group) efforts to coordinate homeless services. This includes any local centralized or coordinated intake systems in the sub-grantee's service area (s).

Please check the following website for local CoC contact information and for information on the geographic areas covered by each CoC:

<http://www.hudhre.info/index.cfm?do=actionCocContactsSearch&st=VA&optTwo=%2Findex.cfm%3Fdo%3DviewCocContacts%26st%3DVA%26cSort%3DcocNum%23tl&optThree=>

| Virginia Continuums of Care | Localities (City/County) |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Richmond/Henrico, Chesterfield, Hanover Counties CoC | Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, and the City of Richmond |
| Norfolk, Chesapeake, and Suffolk CoC | City of Chesapeake, City of Franklin, Isle of Wight, City of Norfolk, Southampton, and the City of Suffolk |
| Roanoke City & County/Salem CoC | Alleghany, Botetourt, City of Covington, Craig, Roanoke (City and County), and the City of Salem |
| Virginia Beach CoC | City of Virginia Beach |
| Charlottesville CoC | Albemarle, City of Charlottesville, Fluvanna, Greene, Louisa, and Nelson |
| Newport News/Hampton/Virginia Peninsula CoC | City of Hampton, James City, City of Newport News, City of Poquoson, City of Williamsburg, York |
| Portsmouth CoC | City of Portsmouth |
| Lynchburg CoC | Amherst, Appomattox, Bedford (City and County), Campbell, and City of Lynchburg |
| Petersburg CoC | City of Colonial Heights, Dinwiddie, City of Emporia, Greensville, City of Hopewell, City of Petersburg, Prince George, Surry, and Sussex |
| Staunton/Waynesboro/Augusta, Highland Counties CoC | Augusta, Highland, City of Staunton, City of Waynesboro |
| Winchester/Shenandoah, Frederick, Warren Counties CoC | Clarke, Frederick, Page, Shenandoah, Warren, and City of Winchester |
| Fredericksburg/Spotsylvania, Stafford Counties CoC | Caroline, City of Fredericksburg, King George, Spotsylvania, and Stafford |
| Danville/Martinsville CoC | City of Danville, Franklin, Henry, City of Martinsville, Patrick, and Pittsylvania |
| Harrisonburg/ Rockingham County CoC | City of Harrisonburg, Rockingham |
| Virginia Balance of State CoC* | See following table for local planning group of the Balance of State |
| Arlington County CoC | Arlington |

| | |
|---------------------------|-------------------------------------------------------------|
| Fairfax County CoC | Fairfax (City and County), City of Falls Church |
| Loudoun County CoC | Loudoun |
| Alexandria CoC | City of Alexandria |
| Prince William County CoC | City of Manassas, City of Manassas Park, and Prince William |

| *Virginia Balance of State –Local Planning Groups | |
|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Planning District 1 (Lenowisco) | Lee, Scott, Wise, and Norton |
| Planning District 2 (Cumberland Plateau) | Buchanan, Dickenson, Russell, Tazewell, Washington, and City of Bristol |
| Planning District 3 (Hope Inter-Agency Council of Homelessness) | Bland, Carroll, Grayson, Smyth, Wythe, and City of Galax |
| Planning District 4 (Housing Partnership of the New River Valley) | Giles, Floyd, Montgomery (including Blacksburg and Christiansburg), Pulaski, and City of Radford |
| Planning District 9 (Piedmont Housing Network) | Culpepper, Fauquier, Madison, Orange, and Rappahannock |
| Planning District 13 (Southside) | Brunswick, Halifax, and Mecklenburg |
| Planning District 14 (Heartland) | Amelia, Buckingham, Charlotte, Cumberland, Lunenburg, Nottoway, and Prince Edward |
| Planning Districts 17/18 (Five Rivers Planning Group) | Lancaster, Westmoreland, Northumberland, Richmond County, Essex, Gloucester, Mathews, Middlesex, King and Queen, King William |
| Planning District 22 (Accomack-Northampton) | Accomack and Northampton |

**Please note that local planning groups are applicable only to the Balance of State CoC.*

Programmatic Approach –Housing Focused

The ESG program goals are to assist households experiencing homelessness to quickly regain stability in permanent housing and to prevent households from becoming homeless. This funding will support coordinated community-based activities that are designed to reduce the overall length of homelessness in the community, the number of households becoming homeless, and the overall rate of formerly homeless household returning to homelessness.

ESG funding supports shelter, re-housing, and prevention activities that are targeted and coordinated with other homeless services providers, homeless prevention providers, and mainstream resources within the community.

Participation in Local Coordinated/Centralized Intake

A local coordinated or centralized intake is best practice for a housing-focused approach targeted to helping households experiencing homelessness quickly regain stability in permanent housing. This best practice is also essential to help divert, where possible

households seeking homeless services from shelter –preventing new cases of homelessness.

In a coordinated or centralized intake system all homeless prevention and homeless assistance activities are accessible through a local coordinated or centralized intake. This local community-based intake is developed and implemented through the local CoC or planning group (within the Balance of State CoC). The process facilitates coordination among homeless service providers and homeless prevention activities and provides a uniform initial intake process where all households are screened and directed to the appropriate service or resource.

All households seeking homeless assistance within the CoC or local planning group would be directed through a common local entry point or system where the initial assessment of eligibility and needs and some crisis intervention would take place.

This system facilitates the triage of households and directs these households appropriately based on individual household needs and available community-based resources. Where possible, prevention resources are utilized to prevent a household from entering homelessness, and where possible, rapid re-housing assistance is utilized to help households experiencing homelessness to quickly obtain permanent housing.

Centralized or coordinated intake systems include:

- Centralized or Coordinated Point of Entry – where all households seeking homeless services or homeless prevention assistance are directed
- Standardized Assessment – how all households seeking homeless services or homeless prevention assistance are assessed for housing barriers
- Coordinated Referrals – how all households seeking homeless services or homeless prevention assistance receive appropriate and targeted referrals

Please note sub-grantees must participate in any existing local coordinated or centralized intake process; however DHCD understands that local CoCs or planning groups may be in the initial stages of intake system development. Sub-grantees are expected to participate in the development and implementation of a system where applicable. All ESG sub-grantees, regardless of the coordinated or centralized system status, are required to coordinate ESG with other available resources, work with other homeless services providers and homeless prevention providers, and leverage where possible mainstream resources.

Leverage Prevention Resources

Prevention is critical in a housing-focused approach to address homelessness and as such is eligible under both the state Emergency Solutions Grant (ESG) program and Homeless Prevention Program (HPP).

In all cases with a housing-focused approach households would be diverted where possible from shelter. The initial entry point assessment would identify all households that are good candidates for prevention. These include individuals and households seeking shelter who are currently housed although at imminent risk of homelessness. Please note that if the

housing unit or situation is not safe, which may be the case with domestic violence, a shelter stay could be the appropriate option.

The following are examples of situations where diversion from shelter may be feasible:

- Household living in their own unit where eviction is imminent but homelessness could be averted
- Household living in someone else's unit (doubled up) where the right to occupy will be terminated

Coordination with prevention resources must be established and maintained to assure timely referrals where appropriate. ESG funded activities must be coordinated sufficiently with other providers and resources to assure that households that can be diverted from shelter with prevention assistance are diverted. Sub-grantees must work with local prevention services to help identify and refer all households seeking shelter where diversion from shelter would be a viable alternative.

Homeless Services

The prevention of homelessness is not always a viable option. This may be the case where there is:

- Lack of access to prevention assistance providers
- Limited or no prevention assistance funding available
- Safety issues (domestic violence, condemned structure)
- Time constraints
- Incomplete or inadequate centralized or coordinated intake

In any case shelter is a temporary measure. A full housing barrier assessment is completed upon entering the homeless services system and work starts immediately to transition the household to permanent housing. Appropriate program participants are assisted with rapid re-housing assistance to transition to permanent housing. In all cases, shelter stays are minimized.

The focus of all shelter stays is to:

- To quickly obtain permanent housing (primary focus)
- To obtain housing stability (secondary focus)

Homeless assistance case management and services are needs- based and housing-focused.

Key Outcomes and Objectives

Please note that sub-grantees will be evaluated and monitored on how well they are contributing to meeting key community outcomes and objectives. These key outcomes are measured at the CoC or local group level and include:

- Percentage of households seeking shelter where the immediate crisis has been averted (preventing homelessness)

- Percentage of households diverted from homelessness stabilized in permanent housing
- Reduction in the number of households entering the homeless assistance system
- Reduction of the length of shelter stays
- Reduction in the number of households returning to homelessness

Process and system objectives include:

- Assuring that all households at the entry point (when they are seeking shelter options) are assessed with a standardized assessment tool
- Entry point(s) are easily accessible (open access when households are seeking shelter)
- Service providers refer appropriate households seeking shelter to the entry points
- Appropriate written policies and procedures (please note that DHCD must review and approve these and all revisions) implemented
- Individualized housing focused case management

ESG Program Participant (Client) Eligibility

The ESG program targets individuals and families who are homeless and those who are at-risk of homelessness. These include households that fall into the following categories:

1. Literally homeless: Individuals and families who lack a fixed, regular, and adequate nighttime residence including those residing in a shelter or a place not meant for human habitation and those exiting an institution where they resided temporarily
2. At-risk households: Individuals and families who will imminently lose their primary nighttime residence
3. Households fleeing or attempting to flee domestic violence who are either literally homeless or at-risk of homelessness (category one and two above)

Rapid re-housing assistance is limited to literally homeless households. These are households who at intake lack a fixed, regular, and adequate nighttime residence. This includes those currently residing in a shelter and those exiting an institution with no housing resources where they stayed temporarily. *DHCD Homeless Certification and ESG Program Participant Eligibility Requirements* documentation must be included in each program participant file.

Prevention assistance is limited to those households who will imminently lose their primary nighttime residence and otherwise meet all other ESG requirements for prevention including having household incomes below 30 percent AMI. *DHCD ESG Program Participant Eligibility Requirements* documentation must be included in each program participant file.

| ESG Program Participant Initial Eligibility by Activity Type | |
|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>ESG Eligible Activity</i> | <i>Program Participant Eligibility</i> |
| Emergency Shelter | <ul style="list-style-type: none"> • Literally homeless • At imminent risk of homelessness • Individuals existing institution (where the resided temporarily) with no resources or anywhere to go. |
| Rapid Re-housing | <ul style="list-style-type: none"> • Literally homeless (shelter residents, living in other situations not meant for human habitation); or • Individuals existing institution (where the resided temporarily – 90 days or less) with no resources or anywhere to go; AND • No other resources |
| Prevention | <ul style="list-style-type: none"> • At imminent risk of homelessness; AND • Household income below 30 percent AMI; AND • No other resources |

Rapid Re-housing Eligibility

When households initially receive rapid re-housing assistance they must be literally homeless. Re-housing assistance beyond three months requires recertification of eligibility. This recertification must be completed every three months. *Recertification* requires sub-grantee certification and evidence of:

- Program participant household income below 50 percent area median income (AMI)
- The household lacks the financial resources and support networks needed to remain in existing housing without ESG rapid re-housing assistance
- Housing stabilization services are being appropriately implemented

While income eligibility is not required when households first access rapid re-housing because they are literally homeless, it is required when recertifying continued eligibility for rapid re-housing assistance.

At each three-month rapid re-housing recertification the household must be below 50 percent of AMI with no more than \$500 in assets (includes all checking, savings, retirement accounts, stocks, bonds, mutual funds, and real estate). This does not include primary, appropriate, and reasonable transportation, pension or retirement funds that cannot be accessed. Income limits are available on HUD's web site at: <http://www.huduser.org/DATASETS/il.html>. Sub-grantees should use HUD's Section 8 income eligibility standards for ESG.

Documentation of homeless status and re-housing assistance eligibility is required. The sub-grantee must use third party verification where possible.

The limits on the amount of assistance a program participant can receive are cover in the *Eligible Activities section*.

Rapid re-housing eligibility must be documented with a completed and signed *ESG Program Participant Eligibility* form and appropriate source documentation.

Prevention Eligibility

A household must be at imminent risk of homelessness, have household income below 30 percent AMI, and have no other resources in order to be eligible for ESG prevention assistance.

The household income must be below 30 percent of AMI with no more than \$500 in assets (includes all checking, savings, retirement accounts, stocks, bonds, mutual funds, and real estate). This does not include primary, appropriate, and reasonable transportation, pension or retirement funds that cannot be accessed. Income limits are available on HUD's web site at: <http://www.huduser.org/DATASETS/il.html>. Sub-grantees should use HUD's Section 8 income eligibility standards for ESG.

Documentation of at-risk status and prevention assistance eligibility is required. The sub-grantee must use third party verification where possible.

Prevention assistance beyond three months requires recertification of eligibility. This recertification must be completed every three months. *Recertification* requires sub-grantee certification and evidence of:

- Program participant household income below 30 percent area median income (AMI)
- The household lacks the financial resources and support networks needed to remain in existing housing without ESG prevention assistance
- Housing stabilization services are being appropriately implemented

Prevention eligibility must be documented with a completed and signed *ESG Program Participant Eligibility* form and appropriate source documentation.

Eligible Activities

There are five categories of eligible activities for the ESG program:

- Shelter Operations
- Rapid Re-Housing
- Prevention
- HMIS
- Administration

Please note that stage two funding excludes shelter operation as an eligible activity.

With the exception of administrative costs and HMIS, ESG eligible costs are intentionally focused on housing — either financial assistance to help pay for housing or services designed to help households quickly transition from shelter to housing or retain housing, the costs associated with temporary shelter where they are triaged, and/or the assistance they receive to identify and address housing barriers. Generally, the intent of ESG assistance is to rapidly transition program participants to stability, either through their own means or

through public assistance, as appropriate. ESG assistance is not intended to provide long-term support, nor will it be able to address all of the financial and supportive services needs of households that affect housing stability. Rather, assistance should be focused on housing stabilization, linkages to community resources and mainstream benefits, and helping program participants develop a plan for preventing future housing instability. *Sub-grantee programs should therefore ensure that there is a clear process for determining the type, level, and duration of assistance for each program participant.*

Each ESG sub-grantee must adhere to the following requirements including:

- Full participation in coordinated/centralized intake process where available
- Coordination with other homeless services and homeless prevention providers
- Initial screening (through coordinated/centralized intake process or in coordination with other homeless services or homeless prevention providers) for all households seeking assistance
- Documentation of homeless status and services received
- Use of HMIS with all program participants that meets HMIS data standards (Domestic violence program may use another data system, but must meet all HMIS data standards and reporting requirements)
- Timely referral of appropriate households for homeless prevention assistance (through participation in coordinated or centralized intake process or through coordination with providers)
- Timely referral of appropriate households for rapid re-housing (through participation in coordinated or centralized intake process or through coordination with providers)
- Completion of housing barriers assessment for program participants
- Completion of housing plan for program participants
- Provision of individualized housing barriers based assistance
- Adherence to a primary focus on quick transitions to permanent housing
- Adherence to a secondary focus on housing stability

Please note that sub-grantees may **not** charge program participants any program-related fees.

Initial Screening

All households seeking homeless assistance must be initially screened through the coordinated or centralized intake or in coordination with other homeless service and homeless prevention providers. This screening must be completed in a manner that allows for the identification of candidates for prevention services and immediate referral of these households to the appropriate homeless services and/or homeless prevention provider. Note that initial screenings take place when the household is seeking assistance.

Housing Barriers Assessment and Housing Plan

Once the initial housing crisis is addressed ESG sub-grantees must conduct an initial housing barriers assessment and develop a housing plan. In all cases housing barrier assessments and plans must be individualized to identify and address the unique household situation. All plans must be focused first on quickly obtaining permanent housing and secondly on obtaining and maintaining housing stability.

Quick Transition

All ESG funded shelter programs must be focused on transitioning program participants to permanent housing as quickly as possible. Sub-grantees must leverage rapid re-housing resources (where available), other services, and mainstream resources to transition all program participants to permanent housing as quickly as possible.

Fees

Program participant fees of any type are not allowed.

Shelter Operations

ESG shelter operations will support emergency shelter for households experiencing homelessness located in Virginia. Shelters must meet basic habitability standards including fire inspection and Americans with Disabilities Act (ADA) standards. If the shelter itself is not ADA compliant the sub-grantee must have a plan to meet the needs of households with disabilities.

Shelters include programs that provide temporary shelter to households experiencing homelessness and may include seasonal shelters. Transitional housing is **not** eligible under ESG.

Eligible Costs

Most costs associated with the operation of a shelter are eligible ESG costs. These costs include:

- Rent
- Security
- Maintenance
- Utilities
- Supplies
- Essential Services (case management and limited support services)
- Other (requires DHCD pre-approval)

Rent expenses must be for actual leasing costs accrued by the sub-grantee for the housing unit(s) or building(s) where temporary shelter and essential services are provided. ESG funds may **not** be used to reimburse the sub-grantee for costs associated with a sub-grantee mortgage or loan on the property.

Both security and maintenance costs may include sub-grantee staff costs accrued by the grantee in the performance of security and/or maintenance. Please note any security, maintenance, or any other contract for services must adhere to sub-grantee procurement policies.

As condominium fees cover maintenance and sometimes utilities associated with a unit, these are allowable for sub-grantee-owned properties utilized for programs funded through ESG.

In the case of shelter models that require mass transportation of program participants to shelter sites from designated pick up locations, these costs may be eligible shelter operation

costs under the “other” category. Prior DHCD approval is required. Please note that all “other” costs must be pre-approved by DHCD.

Supplies are limited to those supplies directly related to the operation of a shelter. These include but are not limited to office supplies, cleaning supplies, food costs for meals provided, and bathroom supplies. Supplies do not include luxury items or items that go beyond meeting basic health and safety needs of program participants and include only those supplies directly related to the shelter stay. The sub-grantee should contact their program administrator if further guidance is required.

Essential services include case management and limited support services that are housing focused. Any support services provided must be based on program participant needs and support housing stability. ESG should be used as a last resort for support services and may **not** be used if other resources are available. Documentation of the need for a specific support service and the lack of other available resources must be included in the program participant file in cases where ESG funds are used to pay for essential services.

Rapid Re-Housing

Eligible costs included in the rapid re-housing cost category include:

- Rent assistance/rent arrears
- Other financial assistance
- Housing stabilization services (case management)
- Housing search and placement
- Credit repair

Sub-grantees must not make payments directly to program participants, but only to third parties, such as landlords. In addition, an assisted property may not be owned by the sub-grantee or the parent, subsidiary or affiliated organization of the grantee.

Rapid re-housing assistance requires that the program participant head of household have the valid lease that is in compliance with tenant/landlord laws in their name. A copy of this lease must be included in the program participant record.

Sub-grantees must have written agreements with both the program participant and the landlord that identify the terms of the rapid re-housing assistance. This should specifically provide the landlord with guidance for addressing issues which could impact housing stability.

As with shelter services all households seeking services must be screened and have an initial assessment completed through a centralized or coordinated process. Housing barrier assessments and housing plans are required for all program participants (see page 11 *Initial Screening and Housing Barrier Assessment and Housing Plan*).

Rental Assistance/Rent Arrears

Rental assistance is tenant-based rental assistance that can be used to allow individuals and families to obtain and remain in rental units.

- No program participant may receive more than 24 months of assistance during any three year period of time
- Grantees must determine the amount of rental assistance provided, such as “shallow subsidies” (payment of a portion of the rent), payment of 100 percent of the rent charged, or graduated/declining subsidies.
- Assistance with any portion of rent during a month counts as a month toward the 24 month limit.
- Payment of rent arrears consists of a one-time payment for up to six months in arrears, including any late fees on those arrears. Rental arrears may be paid if the payment enables the program participant to obtain (or retain in the case of prevention) a housing unit. If ESG funds are used to pay rental arrears, arrears must be included in determining the total period of the program participant’s rental assistance, which may not exceed 24 months. ESG assistance with rent arrearage must assist the program participant to obtain housing where the program participant would be homeless.
- While the payment of rent arrears is a lump sum and recorded as such in HMIS, each month and the number of months must be noted in HMIS and counted toward the total rent assistances limit of 24 months.
- Any individual or family receiving assistance beyond any arrears and two current months of rent and utility assistance must be evaluated and recertified as eligible every three months. Recertification of eligibility includes the following:
 - Program participant household income below 50 percent AMI (below 30 percent AMI for prevention)
 - The household lacks the financial resources and support networks needed to remain in existing housing without ESG rapid re-housing assistance
 - Housing stabilization services are being appropriately implemented
- Sub-grantees are required to certify eligibility at intake and at least once every three months.
- Sub-grantees must provide the appropriate level of case management in order to assure housing stability.
- Sub-grantees may require a program participant *to share in the costs* of rent.
- ESG assistance should be “*needs-based*,” meaning that sub-grantees should determine the amount of assistance based on the minimum amount needed to help the program participant maintain housing stability *in the near term*. This will also help communities to utilize program resources efficiently to serve as many households as possible.
- ESG funds may not be used to pay damage costs incurred by the tenant.

- When households are moved into a new unit. The rent must meet two standards:
 1. Rent Reasonableness – rent is equal to or less than other like units in the area
 2. Fair Market Rent (FMR) – rent (including utilities) is at or below the HUD established FMR for the unit size in the area
- The rental assistance to move into a unit cannot exceed the actual rental cost, which must be in compliance with HUD’s standard of “rent reasonableness.” “*Rent reasonableness*” means that the total rent charged for a unit must be reasonable in relation to the rents being charged during the same time period for comparable units in the private unassisted market and must not be in excess of rents being charged by the owner during the same time period for comparable non-luxury unassisted units. To make this determination, the sub-grantee should consider (a) the location, quality, size, type, and age of the unit; and (b) any amenities, housing services, maintenance and utilities to be provided by the owner. For more information see the HUD rent reasonableness worksheet:
www.hud.gov/offices/cpd/affordablehousing/library/forms/rentreasonablechecklist.doc.
 A copy of the completed worksheet must be included in program participant file.
- The rental assistance to move into a unit cannot exceed the actual rental cost, which must be at or below Fair Market Rents (FMR) for the area. Note: the FMR, including utility allowances, requires grantees to utilize the appropriate utility allowance for any utilities that are paid by the program participant separate from rent. See the following website for the FMR for specific localities:
<http://www.huduser.org/portal/datasets/fmr/fmrs/docsys.html&data=fmr12>. A copy of the completed worksheet must be included in program participant file.
- FMR limits include the cost of utilities. Sub-grantees will need to utilize an established utility allowance in order to assess FMR limits for rents on units not including all utilities. The grantee may use the local housing authority’s or VHDA’s appropriate regional allowances in order to calculate the rent standard. The actual rent charged for a unit plus the allowance for any utilities that the program participant must pay themselves must not exceed the FMR for the area. For VHDA’s utility allowances please go to:
<http://www.vhda.com/BusinessPartners/HCVPAgents/Pages/HCVUtilityAllowanceSchedulesforVA.aspx>.
- No duplication of assistance. ESG financial assistance cannot be made on behalf of eligible individuals or families for the same period of time and for the same cost types that are being provided through another federal, state or local housing subsidy program.
- Rental assistance or arrears to pay for a lot on which a manufactured or mobile home is located is an eligible expense as long as the household is otherwise eligible.

- Rental assistance provided toward rent for a housing unit owned by a sub-grantee, related entity, or partner is prohibited.

Other Financial Assistance

ESG funds may be used to provide financial assistance to help program participants quickly access housing. The housing relocation and stabilization services financial assistance includes:

- Security and utility deposits
 - Last month's rent
 - Utility payments
 - Utility arrears
 - Moving costs
 - Application fees
- ESG funds may be used to pay for security deposits, including utility deposits, for program participants. This is eligible in the case where the program participant is otherwise ESG eligible and they are not receiving security or utility deposits assistance from another source.
 - Sub-grantees must not take measures to recapture any deposit assistance provided to program participants. In the cases where the return of a deposit to the sub-grantee is unavoidable, all returned deposits must be tracked as program income. Any resulting program income must be used for ESG eligible activities.
 - ESG funds may be used for up to 24 months of utility payments for each program participant in any three year period of time, provided that the program participant or a member of his/her household has an account in his/her name with a utility company and is not receiving assistances for the same period of time for the utilities.
 - Utility assistance may include up to six months of utility payments in arrears per service. Payments of arrears must be counted toward the 24 month limit.
 - The grantee may want to consider using the Virginia Housing Development Authority (VHDA) utility allowance guideline to set reasonable limits for utility payment.
 - ESG assistance should be "*needs-based*," meaning that grantees should determine the amount of assistance based on the minimum amount needed to maintain housing stability *in the near term*. This will also help communities to utilize program resources efficiently to serve as many households as possible.
 - Assistance with utilities may be structured where the program participant pays a portion of the utilities. Partial assistance payment for any month of utilities counts as a month of assistance. Sub-grantees may pay past due utilities, however the past due months must be included in the 24 month limit. Utilities are limited to water/sewer, heating oil, gas, and electricity. Twenty-four month limits are based on assistance with one or more of the basic utilities per month. Since the actual number of months may be difficult to determine, sub-grantees may use estimates to determine the total

number of months covered. In these cases the sub-grantee must document the basis for the estimation.

- ESG funds may be used for reasonable moving costs, such as truck rental, or hiring a moving company to assist an eligible household with housing stability.
- ESG funds may be used for lease or apartment application fees where necessary and no other source has been identified to assistance an eligible household with housing stability.

Housing Relocation and Stabilization Services (housing case management)

ESG funds may be used for housing stability case management. These are the costs of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for program participants residing in permanent housing or to assistance a program participant in overcoming immediate barriers to obtaining housing.

This assistance cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 month during the period the program participant is living in permanent housing.

These costs include:

- Using a centralized or coordinated assessment system
- Conducting initial assessments
- Counseling
- Facilitating assess to mainstream services
- Monitoring and evaluating program participant progress
- Coordination with and referrals to other providers
- Developing individualized housing and service plans

Housing Search and Placement

ESG housing search funds may be used for services or activities designed to assist individuals or families in locating, obtaining, and retaining suitable housing. Component services or activities may include: tenant counseling; assisting individuals and families to understand leases; securing utilities; making moving arrangements; representative payee services concerning rent and utilities; and mediation and outreach to property owners related to locating or retaining housing. Costs also include costs associated with assessing housing unit compliance with property standards, lead requirements, and rent reasonableness.

Credit Repair

ESG funds may be used for services that are targeted to assist program participants with critical skills related to household budgeting, money management, accessing a personal credit report, and resolving personal credit issues. If sub-grantees elect to conduct credit checks on ESG participants, they must do so for all program participants so as not to violate Fair Housing Law or otherwise discriminate among ESG participants. Sub-grantees may not use ESG funds to reimburse landlords for their costs associated with conducting credit and/or background checks. Credit may **not** be used to determine program eligibility. Payment of debt is an ineligible ESG expense.

Prevention

Eligible costs included in the prevention cost category include:

- Rent assistance/rent arrears
- Other financial assistance
- Housing stabilization services (case management)
- Housing search and placement
- Mediation/legal services
- Credit repair

Sub-grantees must not make payments directly to program participants, but only to third parties, such as landlords. In addition, an assisted property may not be owned by the sub-grantee or the parent, subsidiary or affiliated organization of the grantee.

Prevention assistance requires that the program participant head of household have the valid lease that is in compliance with tenant/landlord laws in their name. A copy of this lease must be included in the program participant record.

As with shelter services all households seeking services must be screened and have an initial assessment completed through a centralized or coordinated process. Housing barrier assessments and housing plans are required for all program participants (see page 11 *Initial Screening and Housing Barrier Assessment and Housing Plan*).

Rent and utility assistance including any arrears must not exceed 24 months. Recertification of eligibility is required every three months. Any individual or family receiving assistance beyond any arrears and two current months of rent and utility assistance must be evaluated and recertified as eligible every three months. Recertification of eligibility includes the following:

- Program participant household income below 30 percent AMI (50 percent AMI for rapid re-housing)
- The household lacks the financial resources and support networks needed to remain in existing housing without ESG rapid re-housing assistance
- Housing stabilization services are being appropriately implemented

Rent Assistance/Rent Arrears

For details please see the *Rent Assistance/Rent Arrears* section under Rapid Re-housing, pages 13-15.

Other Financial Assistance

For details please see the *Other Financial Assistance* section under Rapid Re-housing, pages 15-16.

Housing Stabilization Services (case management)

For details please see the *Housing Stabilization Services (case management)* section under Rapid Re-housing, pages 16-17.

Housing Search and Placement

For details please see the *Housing Search and Placement* section under Rapid Re-housing, page 17.

Mediation/Legal Services

While mediation/legal services are not eligible rapid re-housing services, they are eligible prevention services.

ESG funds may be used to pay for mediation between a program participant and the property owner or person (s) whom the program participant is living, if the mediation is necessary to prevent the program participant from losing the permanent housing where the program participant currently resides.

ESG may be used for legal services related to landlord tenant matters and services related to legal programs that would likely result in the program participant losing the permanent housing where they are currently residing.

Credit Repair

For details please see the *Credit Repair* section under Rapid Re-housing, page 17.

HMIS

Homeless Management Information System (HMIS) expenditures are limited to five percent of the total award. Sub-grantees will be required to conduct data collection and reporting for ESG through the use of HMIS. HMIS must be used to collect and report ESG data.

Please note that domestic violence shelters are exempt from using HMIS, however they must use a comparable system and meet all applicable data standards and reporting requirements.

Eligible HMIS Activities

Reasonable and appropriate costs associated with operating a HMIS for purposes of collecting and reporting data required under ESG and analyzing patterns of use of ESG funds are eligible. Eligible costs include the purchase of HMIS software and/or user licenses, leasing or purchasing needed computer equipment for providers and the central server, costs associated with data collection, entry and analysis, and staffing associated with the operation of the HMIS, including training.

Ineligible HMIS Activities

HMIS activities that are ineligible include planning and development of HMIS systems, development of new software systems, and replacing current state and local government funding for an existing HMIS.

Domestic violence shelter costs associated with a comparable system are ineligible ESG costs.

Administrative Costs

Administrative costs are limited to local government sub-grantees. No more than five percent of the local government sub-grantee's total grant may be spent on administrative costs. Administrative costs may include costs associated with accounting for the use of grant funds;

preparing reports for submission to DHCD; obtaining program audits; similar costs related to administering the grant after the award; and grantee staff salaries associated with these administrative costs. Administrative costs also include training for staff who will administer the program or case managers who will serve ESG program participants, as long as this training is directly related to ESG.

Administrative costs *do not* include the costs of providing housing relocation and stabilization services (to include case management) or carrying out eligible data collection and evaluation activities. These costs should be included under one of the other appropriate eligible activity categories.

Ineligible and Prohibited Activities

- Sub-grantee past due taxes
- Sub-grantee late fees
- Repayment of loans from the program participant to the sub-grantee
- Return of utility or security deposits to the sub-grantee not tracked as program income
- Assistance where other resources are available
- Other ineligible and prohibited activities:
 - construction or rehabilitation
 - credit card bills or other consumer debt
 - car repair
 - program participant travel costs
 - medical or dental care and medicines
 - clothing and grooming
 - home furnishings
 - pet care
 - entertainment activities
 - work or education related materials
 - indirect costs
 - cash assistance to program participants
- ESG funds may **not** be used to develop discharge planning programs in mainstream institutions such as hospitals, jails, or prisons.
- Any ESG funds used to support program participants must be issued directly to the appropriate third party, such as the landlord or utility company, and in no case are funds eligible to be issued directly to program participants. If funds are found to be used for ineligible activities as determined by DHCD, the sub-grantee will be required to reimburse these costs to DHCD.
- Program fees
- Any fees charged to the program applicant or participant

Other Requirements

Discharge Coordination

Persons who are being imminently discharged into homelessness from such publicly funded institutions are eligible to receive financial assistance or services through ESG as long as they meet the program participant eligibility requirements. ESG sub-grantees must coordinate with these institutions to prevent where possible individuals from becoming homeless. Referrals must be made where appropriate to the following:

- Homeless prevention provider
- Veterans Administration (VA)
- HOPWA
- Department of Social Services
- Local domestic violence services
- Department of Behavioral Health and Developmental Services
- Other service providers as needed

DUNS Number

All sub-grantees are required to register with Dun and Bradstreet to obtain a DUNS number, if they have not already done so, and complete or renew their registration in the Central Contractor Registration (CCR). For more information see 73 FR23483, April 30, 2008 or go to www.dnb.com.

Compliance with Fair Housing and Civil Rights Laws

(1) Sub-grantees must comply with all applicable fair housing and civil rights requirements in 24 CFR 5.105(a). (2) If the sub-grantee: (a) Has been charged with an ongoing systemic violation of the Fair Housing Act; or (b) Is a defendant in a Fair Housing Act lawsuit filed by the Department of Justice alleging an ongoing pattern or practice of discrimination; or (c) Has received a letter of findings identifying ongoing systemic noncompliance under Title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, or section 109 of the Housing and Community Development Act of 1974, and the charge, lawsuit, or letter of findings referenced in subparagraphs (a), (b), or (c) above has not been resolved before the application deadline, then the sub-grantee is ineligible to apply for ESG funds.

Method of Payment

Sub-grantees will submit request for reimbursements every other month. DHCD anticipates that requests will be submitted through DHCD's online application and project management system or CAMS (Centralized Application and Management System).

DHCD requires that sub-grantee receive funds via electronic transfer. To establish an account go to: Virginia Department of Accounts web site (<http://www.doa.virginia.gov>) and select EDI (Electronic Data Interchange) from the links on the right hand side of the page.

Confidentiality

Each sub-grantee must develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided with assistance. These procedures must minimally assure confidentiality through:

- Locked and restricted access to program participant records
- The use of unique identifiers to protect program participant identity
- Implementation of a board approved confidentiality policy to be signed by all staff and volunteers

Grievance Policy

Any individuals seeking and/or receiving ESG assistance must receive written notification of the sub-grantee's grievance policy. Grievance policies must be board approved and provide specific procedures to be followed for any disputed ESG decision impacting ESG assistance. Program participants contacting DHCD directly will be referred back to the sub-grantee's grievance policy. The grantee must be prepared to provide documentation of the grievance record for all program participant grievances. DHCD reserves the right to review and approve all ESG grievance policies.

The sub-grantee may terminate assistance to a program participant who violates program requirements. Sub-grantees may resume assistance to a program participant whose assistance was previously terminated. In terminating assistance to a program participant, the sub-grantee must provide a formal process that recognizes the rights of individuals receiving assistance to due process of law. This process, at a minimum, must consist of: (1) Written notice to the program participant containing a clear statement of the reasons for termination; (2) A review of the decision, in which the program participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision; and (3) Prompt written notice of the final decision to the program participant.

Recordkeeping

Sub-grantees must keep any records and make any reports (including those pertaining to services received, program participant housing status, race, ethnicity, gender, and disability status data) that DHCD may require within the timeframe required. All program and program participant records must be maintained for at minimum of five years. Please note that records include both program records such as the documentation or match requirement, financial records such as bank statements, and program participant records. Please note that copies of cancelled checks or expenses associated with the program participant must also be retained in the program participant record. For more information about documentation requirements please see accounting standards.

Accounting Standards

In addition to establishing a system of accounting sufficient to accurately record and report transactions, adequate source documentation *must* be maintained as support for these transactions. Source documents includes but is not limited to the following:

- Purchase Requisitions
- Purchase Orders
- Contracts
- Contract Invoices
- Bank Statements
- Cancelled Checks
- Draw downs
- Payment Vouchers
- Employee Time Sheets
- Travel Advance Requests
- Travel Reimbursement Vouchers
- Vendor Invoices

- Journal Voucher Entries
- Cash Receipts

All source documents must be coded by a reference number so that a clear trail exists between the books and these documents. Coding could include the check number used to make the payment, the journal entry in which transaction was recorded or the page number from the cash receipt journal. Purchase order numbers and payment voucher numbers may also be used to provide the necessary audit trail.

Supporting documents can be copies, carbons, or original, but must be sufficient in detail to support the transaction and to justify it as a grant expense and its allowability.

The sub-grantee *must* keep copies of the source documents in the program participant files:

- Copies of invoice, voucher, and pre-numbered check;
- Each piece of paper *must* show client's unique identification code , ledger code and proof of review and approval by the appropriate staff (at least initialed and dated); and
- Proof of cancellation; e.g. copy of check's backside, bank statement, or photocopy of check's cancellation.

Internal Controls

The sub-grantee must have appropriate internal controls in place to:

- Safeguard assets;
- Prevent waste, fraud, and mismanagement; and
- Promote efficiency of operations.

Effective Internal Controls to the extent possible must include the following procedures:

- Segregation of duties among employees to prevent one person from having complete control over all phases of any transaction
- Workflow procedures for processing all transactions from one employee to another. This *must* provide for a cross-check of work, but not a duplication of effort
- Rotation of duties among employees to allow for control over any one given phase and ensure that other employees can fill in when a position becomes vacant
- The procedures used should be clearly detailed and documented for all individuals to follow and as an aid in training new employees
- All assets, records, and checks *must* be properly protected through the use of locks, safes, and other measures to ensure security

Monitoring

DHCD is responsible for monitoring all ESG activities carried out by a sub-grantee, to ensure that the program requirements are met. Monitoring can include both programmatic and financial reviews. Both DHCD and HUD may monitor any ESG funded project. With notice sub-grantees must make available organizational and project related records to both DHCD and HUD.

HMIS

The ESG sub-grantees are required to report program participant-level data, such as the number of persons served and their demographic information, in a Homeless Management Information System (HMIS) database. HMIS is an electronic data collection system that facilitates the collection of information on persons who are homeless or at risk of becoming homeless that is managed and operated locally. ESG sub-grantees providing financial assistance and services will use the HMIS system in the applicable Continuum of Care to collect data and report on outputs and outcomes as required. The required data elements that will be collected in HMIS for ESG are included in the HMIS Data and Technical Standards.

Please note that HMIS systems may be open or closed. Closed systems prevent other providers within a local HMIS system from sharing program participant data. Open systems allow for coordination among service providers and facilitate a coordinated or centralized intake process. While an open system may not yet be available in a specific CoC or local planning group, ESG sub-grantees must participate in an open system as one becomes available for local use.

Please note that domestic violence shelters may, in lieu of HMIS, use a comparable system. Domestic violence shelters are responsible for meeting all HMIS data standards and reporting requirements regardless of the data collection system utilized

Conflicts of Interest

No person who is an employee, agent, consultant, officer, board member, volunteer or elected or appointed official of the sub-grantee who participates in decision-making processes may gain personally or have any interest in any assistance, contract, subcontract, or agreement either for himself or herself or for those with whom he or she has family or business ties, during his or her tenure or for one year thereafter.

Upon the written request of the sub-grantee, DHCD may grant an exception to the restrictions in the paragraph above on a case-by-case basis when it determines that the exception will serve to further the purposes of the ESG program and promote the efficient use of ESG funds. In requesting an exception, the grantee must provide a disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made.

Sub-grantees and any subsidiaries are prohibited from receiving ESG rent payments for a ESG program participant where ESG eligibility and assistance is being reimbursed through the grantee's DHCD ESG agreement.

Property Standards

DHCD is providing a Habitability Standards form that must be completed and included in all program participant records (not applicable to shelter operations).

Note that the habitability standards are different from the Housing Quality Standards (HQS). Because the HQS criteria are more stringent than the habitability standards, a sub-grantee could use either standard. In contrast to HQS inspections, the habitability standards do not require a certified inspector.

Please note that housing that is occupied by families with children and that was constructed before 1978 - must also comply with Lead Based Paint inspection requirements, per the Lead Based Paint Poisoning Prevention Act. This requirement applies only to units that a family moves into with ESG assistance. This does not apply to existing units.

DHCD is providing a Lead-Based Paint Visual Assessment form that must be completed and included in program participant records.

Nondiscrimination and Equal Opportunity Requirements

Sub-grantees must comply with all applicable fair housing and civil rights requirements. In addition, sub-grantees must make known that ESG rental assistance and services are available to all on a nondiscriminatory basis and ensure that all citizens have equal access to information about ESG and equal access to the financial assistance and services provided under this program. Among other things, this means that each grantee must take reasonable steps to ensure meaningful access to programs to persons with limited English proficiency (LEP), pursuant to Title VI of the Civil Rights Act of 1964.

This may mean providing language assistance or ensuring that program information is available in the appropriate languages for the geographic area served by the jurisdiction and that limited English proficient persons have meaningful access to ESG assistance.

Affirmatively Furthering Fair Housing

Sub-grantees will have a duty to affirmatively further fair housing opportunities for classes protected under the Fair Housing Act. Protected classes include race, color, national origin, religion, sex, disability, and familial status. Examples of affirmatively furthering fair housing include: (1) marketing the program to all eligible persons, including persons with disabilities and persons with limited English proficiency; (2) making buildings and communications that facilitate applications and service delivery accessible to persons with disabilities (see, for example, HUD's rule on effective communications at 24 CFR 8.6); (3) providing fair housing counseling services or referrals to fair housing agencies; (4) informing participants of how to file a housing discrimination complaint, including providing the toll-free number for the Housing Discrimination Hotline: 1-800-669-9777; and (5) recruiting landlords and service providers in areas that expand housing choice to.

Sub-grantee Reporting Requirements

Reports must be submitted in the given report format that will be supplied to the sub-grantees by DHCD. Timeliness is critical as this data will be aggregated by DHCD for other reporting purposes. Sub-grantees that fail to meet reporting requirements and deadlines are considered in non-compliance. A non-compliance status can impact future sub-grantee

reimbursements and other DHCD funding opportunities. Please note that DHCD anticipates that sub-grantees will be submitting reports through CAMS.

Sub-grantees must assure that data is complete and accurate. Each sub-grantee is expected to enter all program participant data into the HMIS system, complete periodic data quality checks, and work with their local HMIS administrator to assure that complete quality data is submitted to DHCD by the specific due dates.

Sub-grantee must be able to track and report ESG activities, program participant data, and spending separately from other activities. Minimum reporting requirements will include quarterly reports, annual reporting, and close out reporting. Sub-grantees will report on outputs, such as the number of persons served and the demographic characteristics of persons served, ESG funds expended by activity type, as well as outcomes related to housing stability. Most reporting elements will be generated from HMIS data. Adherence to required HMIS data standards will be essential to performance reporting.